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**Helsinki Commission Hearing on Kleptocracy And The Threat Of  
Foreign Corruption**

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**Dear Mr. Chairman Cardin, Mr. Co-Chairman Cohen,  
dear members of the Helsinki Commission,**

For me, it is not only a big honor to take the floor here today, but also a great pleasure to be among like-minded people, in a room where everyone can agree that one of the biggest threats to the world in the XXI century is corruption. Global corruption, to be more specific. A new phenomenon made possible by globalisation of financial markets, modern technology and better connectivity. The world has become small, which provides great new opportunities for expats, digital nomads and travellers — but also for kleptocrats.

Let me make a few observations based on the experience that the Anti-Corruption Foundation, created by Alexey Navalny, has obtained in Russia over the past ten years. During this decade, we have investigated hundreds of cases of corruption among the country's top government officials, including the Foreign Minister Lavrov<sup>1</sup>, the then Prime Minister Medvedev<sup>2</sup> and President Putin himself. The video about Putin's luxury palace<sup>3</sup> on the Black Sea shore has over 120 million views<sup>4</sup> on YouTube, making it probably the most watched piece of investigative journalism ever.

Other investigations featured more palaces, private jets, yachts, jewelry and

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<sup>1</sup> <https://youtu.be/xNa5XknuXkQ>

<sup>2</sup> [https://youtu.be/qrwIk7\\_GF9g](https://youtu.be/qrwIk7_GF9g)

<sup>3</sup> [https://youtu.be/T\\_tFSWZXKN0](https://youtu.be/T_tFSWZXKN0)

<sup>4</sup> <https://youtu.be/ipAnwilMncI>

other luxury items with a total worth of billions of dollars stolen from Russian taxpayers. But, even more importantly, they allowed us to reveal several very significant patterns that repeat themselves in the course of action of every corrupt government official, be it a government minister or a mayor of a small town with dilapidated roads and public schools.

No corrupt official engages in corruption for the purpose of swimming in gold coins like some cartoon character. On the contrary, they aim to create sizable assets, which they would be able to pass to their children. But they know better than anyone that it's impossible in their home countries, for the exact reason that they are able to steal so much there.

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President Biden will soon be hosting the first Global Summit For Democracy. According to its official website<sup>5</sup>, there are three main topics to be addressed during this Summit:

1. Defending against authoritarianism
2. Addressing and fighting corruption
3. Advancing respect for human rights

Our experience teaches us that these are not three different topics, but actually one. The opportunity to steal money uncontrollably is the key motivation for many leaders to convert their rule — even after they have been elected democratically — into an authoritarian one. To demolish human rights and basic democratic institutions is their way to protect their stolen assets.

A corrupt government has no choice but to silence the independent press, because they can't allow their crimes to be investigated. A corrupt government has no choice but to rig elections, because they can't allow themselves to become outvoted. A corrupt government has no choice but to destroy independent courts, because they can't allow themselves to be challenged in court with an unpredictable outcome.

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<sup>5</sup> <https://www.state.gov/summit-for-democracy/>

And in order to be able to censor the press, rig the elections and deprive the judiciary from any independency, they have to become authoritarian. That's the very sad path that Russia has taken during the last 22 years under Vladimir Putin. A path very well documented by the Anti-Corruption Foundation, an experience worth sharing with other countries.

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Here's what we learned.

1. Corruption and human rights violations are directly linked. A corrupt regime (kleptocracy) is forced to violate human rights, as it cannot afford independent media, competitive elections or fair courts. Corruption (state corruption implemented as a system) is incompatible with the institutions of civil society, with political competition and democracy.
2. It is important for a corrupt person to enjoy the results of corruption. No corrupt official steals for the sake of stealing; he steals in order to obtain specific material assets. At the same time, he wants these assets — yachts, airplanes, palaces — to be located in countries where there are institutions that protect property rights and allow him to transfer property by inheritance. A corrupt person understands better than anyone that in the country where he steals, property rights are worthless, and his assets are not protected by anything. This makes corruption a global phenomenon, and the fight against corruption a global fight.
3. Corruption is easily exported. Kleptocrats are experienced and skillful in abusing the existing tools of developed democracies aimed at protecting property rights for their own purposes. A corrupt official always tries to export the goods stolen in his own country to other countries, and corruption practices follow along with this money. Investigations such as the Pandora Papers<sup>6</sup> show how much the legal and financial systems of Western countries are currently unprepared to actively counter export corruption. The existing AML tools work against individuals who want to transfer \$100K to the West,

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<sup>6</sup> <https://www.icij.org/investigations/pandora-papers/>

but \$100M are still able to open any doors at a small expense<sup>7</sup>.

4. In addition to direct export of corruption, kleptocrats have also mastered hybrid practices. For example, any high-ranking European politician knows that if they do not criticize Putin, then they will always have an alternate retirement plan in the form of a seat on the board of directors of a Russian state-owned company with inconceivably high compensation. This fact has influenced the political elites of European countries for many years and cannot but corrupt them. As a result, the export of corruption has become a real threat to the basic institutions of democratic societies in the West. By learning to cope with the threats posed by the export of corruption, the West will greatly help us, the civil rights movement in Russia.

5. Alexey Navalny and his team offer effective tools for fighting corruption. We have a lot of experience in this area, we have been studying Russian corruption under a microscope for more than 10 years and we understand how it works better than anyone. The five steps that Navalny suggested in his recent op-ed<sup>8</sup> published by The Guardian and other European media are based on this experience. They aim to make it impossible for kleptocrats to export corruption and make it difficult for them to obtain long-term benefits from their embezzled assets in safe jurisdictions.

6. These five steps are:

- introduction of the classification of countries as "countries conducive to corruption" (kleptocratic regimes)
- maximum compulsory transparency in relation to kleptocratic regimes
- personal sanctions against the most notable corrupt officials (beginning with the «Navalny 35» list<sup>9</sup>)
- implementation of already existing anti-corruption acts
- creation of an international anti-corruption body

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<sup>7</sup> <https://www.dailymotion.com/video/x3ho0n1>

<sup>8</sup>

<https://www.theguardian.com/commentisfree/2021/aug/19/action-against-corruption-russian-sanctions-oligarchs-alexei-navalny>

<sup>9</sup> <https://www.cardin.senate.gov/newsroom/press/release/cardin-wicker-introduce-bill-to-sanction-navalny-35>

I see many elected officials here in this room. You've won campaigns. You've lost campaigns. You will face a reelection soon — in a year, or three, or five; you may choose not to run, or it may happen that you lose. What will happen then? Well, nothing dramatic. But for a kleptocrat the situation is very much different — for them a mere chance of losing an election poses an ultimate threat to their freedom, their assets, their future. And they are ready to protect their ability to steal at whatever cost. This makes their mindset, their list of priorities so much different from those of normal people. And this makes them very dangerous, too.

In my country, they've already caused enormous harm. The burden of kleptocracy is unbearable. The average household income has been declining for eight years in a row now, making average Russian families poorer than they were 15 years ago. All of this is despite enormously high oil and gas prices; even they do not help anymore, as there is no economic growth possible when the average kickback for government procurement projects amounts to 70% in cash. Official data suggests that the net capital outflow from Russia exceeds \$60 billion; the actual figures are much higher. This has to be stopped.

That's why, on behalf of Alexey Navalny and the entire team of the Anti-Corruption Foundation, I very much appreciate the opportunity to speak at this hearing. We endorse in all possible terms the activities of the Counter-Kleptocracy Caucus and the NDAA amendments, including the Foreign Corruption Accountability Act, the Justice for Victims of Kleptocracy Act, the Transnational Repression Accountability and Prevention Act, the Combating Global Corruption Act, the reauthorization of the Global Magnitsky Human Rights Accountability Act, and a measure requiring the Biden Administration to determine whether the 35 kleptocrats and government officials named by Alexei Navalny meet the criteria for sanctioning under the Global Magnitsky Human Rights Accountability Act.

Thank you very much for your attention.